

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01  
INR-07 NSAE-00 USIA-15 XMB-04 OPIC-06 SP-02 CIEP-02  
LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-04 CEA-01 MMO-04  
/098 W

-----151823Z 050797 /47

R 151704Z FEB 77  
FM AMEMBASSY BONN  
TO SECSTATE WASHDC 5648  
DEPARTMENT TREASURY  
INFO USMISSION OECD PARIS  
USMISSION EC BRUSSELS

UNCLAS SECTION 01 OF 02 BONN 02840

DEPARTMENT PASS FEDERAL RESERVE

E.O. 11652: N/A  
TAGS: EFIN, GW  
SUBJECT: GERMAN BALANCE OF PAYMENTS IN DECEMBER  
AND THE FULL YEAR 1976

REF: CERP 0102

1. TRANSMITTED HERewith ARE GERMAN BALANCE OF PAYMENTS  
DATA FOR DECEMBER 1976 AND THE FULL YEAR 1976, AND FOR  
COMPARISON, THE FULL YEAR 1975

DECEMBER JANUARY-DECEMBER  
1976 1976 1975  
(IN MILLIONS OF DM)

EXPORTS	24,274	256,173	221,589
IMPORTS C.I.F.	20,999	221,638	184,313
TRADE BALANCE	3,275	34,535	37,276
SUPPLEMENTARY TRADE ITEMS	-265	-738	-2,032

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TRADE BALANCE (INCLUDING  
SUPPLEMENTARY ITEMS) 3,010 33,797 35,244  
SERVICES -200 -7,810 -8,678  
UNILATERAL TRANSFERS -1,900 -17,526 -17,089  
BALANCE OF INVISIBLES -2,100 -25,336 -25,767  
CURRENT ACCOUNT BALANCE 910 8,461 9,477  
LONG-TERM CAPITAL

DIRECT INVESTMENT	-407	-1,945	-1,615
PORTFOLIO INVESTMENT	71	3,851	-4,156
CREDITS AND LOANS	-1,001	-3,695	-11,400
OTHER	-40	-557	-542
OFFICIAL	13	2,366	1,162
BALANCE OF LONG-TERM			
CAPITAL	-1,364	18	-16,552
SHORT-TERM CAPITAL			
COMMERCIAL BANKS	3,565	7,615	-2,262
PRIVATE NON-BANKS	-1,488	-2,839	6,443
OFFICIAL	-724	-226	663
UNRECORDED TRANSACTIONS	-1,215	-4,239	12
BALANCE OF SHORT-TERM			
CAPITAL	138	311	4,856
DM REVALUATION			
LOSS/DEVALUATION			
PROFIT	-7,489	-7,489	5,480
NET FOREIGN POSITION			
OF BUNDESBANK (IN-			
CLUDING REVALUATION			
LOSS/DEVALUATION			
PROFIT	-7,805	1,301	3,261

2. BASED ON SEASONALLY ADJUSTED DATA EXPORTS DECLINED IN NOVEMBER/DECEMBER BY ABOUT 4 PERCENT AS COMPARED WITH SEPTEMBER/OCTOBER WHILE IMPORTS INCREASED BY ALMOST 2 PERCENT. THE BUNDESBANK, HOWEVER, STATES THAT THESE DEVELOPMENTS IN PART REFLECT SPECULATION BEFORE THE DM REVALUATION IN MID-OCTOBER RESULTING IN AD-UNCLASSIFIED

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VANCING OF EXPORTS AND A POSTPONEMENT OF IMPORTS.

3. THE SHIFT FROM THE DM 0.2 BILLION SERVICES SURPLUS RECORDED IN NOVEMBER TO A DM 0.2 BILLION DEFICIT IN DECEMBER IS ATTRIBUTABLE TO A SEASONAL INCREASE IN DECEMBER OF GERMAN TOURIST EXPENDITURES ABROAD AND TO YEAR-END PROFIT PAYMENTS BY GERMAN FIRMS TO FOREIGNERS. THE INCREASE IN THE TRANSFERS DEFICIT FROM DM 1.3 BILLION IN NOVEMBER TO DM 1.9 BILLION IN DECEMBER MAINLY REFLECTS AN INCREASE IN FRG PAYMENTS TO THE EC.

4. FOREIGN PORTFOLIO INVESTMENT (NET) IN GERMAN SECURITIES WHICH HAD BEEN RATHER HIGH IN RECENT MONTHS (DM 0.4 BILLION IN NOVEMBER AND DM 1.1 BILLION IN

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R 151704Z FEB 77  
FM AMEMBASSY BONN  
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DEPARTMENT TREASURY  
INFO USMISSION OECD PARIS  
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OCTOBER) DECLINED TO DM 0.1 BILLION IN DECEMBER.

5. AS USUAL, IN DECEMBER GERMAN BANKS IMPORTED SUBSTANTIAL SHORT-TERM FUNDS FROM ABROAD FOR WINDOW-DRESSING PURPOSES. THEY INCREASED FOREIGN LIABILITIES BY DM 7 BILLION BUT, AT THE SAME TIME, INCREASED FOREIGN ASSETS BY DM 3.5 BILLION. THEREFORE, NET BANK SHORT-TERM CAPITAL IMPORTS AMOUNTED TO DM 3.6 BILLION ONLY. THE SHORT-TERM FOREIGN INDEBTEDNESS OF GERMAN FIRMS, ON THE OTHER HAND, DECLINED BY DM 1.5 BILLION IN PART PROBABLY REFLECTING SIMILAR WINDOW-DRESSING DESIRES OF THE LENDING FOREIGN BANKS.

6. IN THE FULL YEAR 1976 GERMANY RECORDED A BALANCE OF PAYMENTS SURPLUS OF DM 8.8 BILLION. SURPLUSES RESULTED DURING PERIODS OF SPECULATION ON A DM REVALUATION, I.E., IN FEBRUARY/MARCH (DM 9.7 BILLION) AND IN AUGUST-OCTOBER (DM 6.5 BILLION). THE LONG-TERM CAPITAL ACCOUNT WAS IN BALANCE AND BOTH TRADE AND CURRENT  
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ACCOUNT SURPLUSES WERE SLIGHTLY LOWER THAN IN 1975.

7. THE DM 8.8 BILLION BALANCE OF PAYMENTS SURPLUS WAS REDUCED BY DM 7.5 BILLION TO DM 1.3 BILLION DUE TO AN ADJUSTMENT IN THE VALUE OF THE BUNDESBANK'S FOREIGN ASSETS AND LIABILITIES TO ACCOUNT FOR THE 11 PERCENT REVALUATION OF THE DEUTSCHEMARK AGAINST THE DOLLAR DURING 1976. THE VALUATION OF THE BUNDESBANK'S GOLD HOLDINGS REMAINED UNCHANGED AT \$42.2 PER OUNCE. THE BUNDESBANK EXPECTS, HOWEVER, THAT ITS 1976 PROFIT RESULTING FROM NORMAL TRANSACTIONS WOULD REDUCE THE DM 7.5 BILLION BOOKLOSS TO DM 3 BILLION.  
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## Message Attributes

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Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009